



Falcon Energy posts 87% increase in net profit, 85% for turnover for first quarter ended 31 March 2010; continues growth uptrend

“Overall, the results reflect the benefits of our geographic diversity and exposure to a diverse range of economies as well as the successful exploitation of opportunities in the region.” says Chairman and Chief Executive Officer Tan Pong Tyea

US\$m	1Q2010	1Q2009	Change
Revenue	18.1	9.8	▲85%
Gross Profit	10.0	5.7	▲75%
Gross Profit Margin	55%	58%	
Profit Before Tax	8.0	4.5	▲78%
Net Profit after Tax and Non Controlling Interest	8.1	4.3	▲87%
Earnings Per Share (EPS) US cents	0.99	0.62	▲60%
NAV per share of 22.36 US cents as at 31 March 2010			

SINGAPORE, 12 May 2010 – MAINBOARD-LISTED **Falcon Energy Group Limited** (FEG) today announced a net profit after tax and non-controlling interest of US\$8.1 million for the three months to 31 March 2010, up 87% over the US\$4.3 million it achieved for the previous corresponding period.

Group revenue, at US\$18.1 million, was 85% higher than the previous US\$9.8 million that it achieved previously. The strong growth in turnover was driven largely by revenue from its Marine Division which registered the lion’s share at US\$13.2 million or 73% of total revenue. The increase was due largely to the contribution from two additional vessels compared to the previous corresponding period. This was followed

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by Oilfield Services Division which achieved US\$3.0 million or 17% resulting from the inclusion of three months' contribution from Longzhu Group of Companies. Project Division made up the remaining US\$2.0 million.

Along with the increase in revenue, gross profit saw an increase of 75% or US\$4.3 million from US\$5.7 million recorded in the preceding corresponding period. Gross profit margin for the Marine Division was 64%, an improvement from 62% previously while for Oilfield Services Division, the margin declined marginally from 36% to 35%. The gross profit margin for Project Division was approximately 27%. This resulted in a slightly lower average gross profit margin for the Group at 55% for the three months ended 31 March 2010 against 58% in the preceding period.

Mr. Tan Pong Tyea, FEG's Chairman and Chief Executive Officer, said he was very pleased with the overall financial and operational performance in the quarter. He said: "First quarter results were driven by continued strong momentum in our core businesses in the region, a sustained focus on expense control and capital management. Overall, the results reflect the benefits of our geographic diversity and exposure to a diverse range of economies as well as the successful exploitation of opportunities in the region."

Strong financial position

The Group's financial position remained healthy with a strong balance sheet. Its positive net working capital of US\$76.8 million is an improvement of 29% over that recorded at the end of 31 December 2009. The Group continued to maintain a healthy liquidity position with cash and cash equivalent of US\$56.1 million with positive Net cash flows generated from operations at US\$3.2 million for the period ended 31 March 2010.

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Total assets stood at US\$237.8 million and net assets at US\$187.8 million. Shareholders' equity was US\$182.1 million, 5% or US\$8.2 million higher than at 31 December 2009. Net asset value per share of 22.36 US cents was 5% higher than at 31 December 2009.

Market capitalisation stood at S\$517.0 million -- based on today's closing price of S\$0.635. The total number of shares issued was 814,134,970 as at 31 March 2010.

Going forward

Strong industry fundamentals continue to bolster FEG's growth. The steady economic recovery worldwide and the corresponding increase in oil prices in recent months triggered off oil companies' exploration and production activities spending again, although at a more calculated pace.

In light of this encouraging setting, Mr Tan believed that the long term prospects for FEG as well as the Offshore Marine and Oil & Gas sectors, both globally and in the region, remain promising.

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About Falcon Energy Group Limited (www.falconenergy.com.sg)

Falcon Energy Group Limited is a SGX Mainboard-listed leading player in the regional Offshore Marine and Oil & Gas sectors. The Group provides a full spectrum of support services for the Offshore Marine and Oil & Gas cycle, from initial exploration and drilling to production and post-production stage, with a specialist focus on the production phase of oilfield activities.

The Group has three business divisions with operations spanning Southeast Asia, India and Australia. Its Marine Division provides offshore support vessels for services such as offshore hook up and commissioning, offshore conductor piling and pipe trenching, among others. Its Oilfield Services

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Division provides services such as agencies, warehousing, logistics, procurement and other general support activities. Through its Oilfield Projects Division, the Group is involved in projects and investments related to the Marine and Oil & Gas industry.

The Group has built up a solid track record over the past 30 years. Its commitment to top quality operations, professional practices and safety standards has resulted in a clientele base that includes some of the largest oil majors in the world including Shell, ExxonMobil, Chevron, BP and TOTAL as well as oil contractors comprising McDermott, Halliburton, PetroChina, and COSL.

Falcon currently has a fleet of 15 Offshore Support Vessels (OSVs) including 10 multi-purpose support vessels.

The Group was listed on SGX SESDAQ on 2 December 2004 through a reverse takeover of Sembawang Music Holdings Limited and changed its name to Falcon Energy Group Limited on 13 November 2006. It was upgraded to SGX Mainboard on 8 September 2009.

Issued on behalf of **Falcon Energy Group Limited** by: Waterbrooks Consultants Pte Ltd

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